

Small Business Administration

§ 120.2

- 120.1824 How will an SISMBD receive notice of an approval or denial of a loan or a request for an advance under an SISMBD Loan?
- 120.1825 May an SISMBD request reconsideration after denial?
- 120.1830 What are the terms and conditions of an SBA loan to an SISMBD?
- 120.1831 Is there a limit to the number of SISMBD Loans or advances that an SISMBD may request from SBA?
- 120.1832 What is the minimum and maximum SISMBD Loan advance amount?
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- 120.1834 What fees are associated with an SISMBD Loan?
- 120.1840 What are the allowable uses of proceeds of an SISMBD Loan?
- 120.1850 Will the Collateral be held by SBA?
- 120.1860 How will the SISMBD Loan be disbursed?
- 120.1870 How does the SISMBD provide funds for the Premium?
- 120.1880 How will the loan be repaid?
- 120.1881 How are payments on the Collateral allocated between the SISMBD borrower and repayment of the SISMBD Loan?
- 120.1882 What happens if funds to make required loan payments are not generated from the Collateral?
- 120.1890 What is the maturity on an SISMBD Loan from SBA?
- 120.1891 What happens if an SISMBD is ineligible to receive an SISMBD Loan or an advance?
- 120.1892 What happens if an SISMBD does not use SISMBD Loan funds for a statutorily mandated purpose?
- 120.1893 Data collections and reporting.
- 120.1900 When does the Secondary Market Lending Authority Program end?

AUTHORITY: 15 U.S.C. 634(b)(6), (b)(7), (b)(14), (h), and note, 636(a), (h) and (m), 650, 687(f), 696(3), and 697(a) and (e); Public Law 111-5, 123 Stat. 115, Public Law 111-240, 124 Stat. 2504.

SOURCE: 61 FR 3235, Jan. 31, 1996, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes to part 120 appear at 72 FR 50039, Aug. 30, 2007.

GENERAL DESCRIPTIONS OF SBA'S BUSINESS LOAN PROGRAMS

§ 120.1 Which loan programs does this part cover?

This part regulates SBA's financial assistance to small businesses under its general business loan programs ("7(a) loans") authorized by section 7(a) of the Small Business Act ("the Act"), 15 U.S.C. 636(a), its microloan demonstration loan program ("Microloans") au-

thorized by section 7(m) of the Act, 15 U.S.C. 636(m), and its development company program ("504 loans") authorized by Title V of the Small Business Investment Act, 15 U.S.C. 695 to 697f ("Title V"). These three programs constitute the business loan programs of the SBA.

§ 120.2 Descriptions of the business loan programs.

(a) *7(a) loans.* (1) 7(a) loans provide financing for general business purposes and may be:

- (i) A direct loan by SBA;
- (ii) An immediate participation loan by a Lender and SBA; or
- (iii) A guaranteed loan (deferred participation) by which SBA guarantees a portion of a loan made by a Lender.

(2) A guaranteed loan is initiated by a Lender agreeing to make an SBA guaranteed loan to a small business and applying to SBA for SBA's guarantee under a blanket guarantee agreement (participation agreement) between SBA and the Lender. If SBA agrees to guarantee (authorizes) a portion of the loan, the Lender funds and services the loan. If the small business defaults on the loan, SBA's guarantee requires SBA to purchase its portion of the outstanding balance, upon demand by the Lender and subject to specific conditions. Regulations specific to 7(a) loans are found in subpart B of this part.

(b) *Microloans.* SBA makes loans and loan guarantees to non-profit Intermediaries that make short-term loans up to \$50,000 to eligible small businesses for general business purposes, except payment of personal debts. SBA also makes grants to Intermediaries for use in providing management assistance and counseling to small businesses. Regulations specific to these loans are found in subpart G of this part.

(c) *504 loans.* Projects involving 504 loans require long-term fixed-asset financing for small businesses. A Certified Development Company (CDC) provides the final portion of this financing with a 504 loan made from the proceeds of a Debenture issued by the CDC, guaranteed 100 percent by SBA (with the full faith and credit of the United States), and sold to investors.